

**Audit Committee
Meeting Minutes
November 21, 2005**

**Kiva Conference Room, First Floor, City Hall
3939 North Drinkwater Boulevard
Scottsdale, AZ 85251**

Members Present: Chairman Lane
Committee Member Ecton
Committee Member Littlefield

City Staff Present: Cheryl Barcala, City Auditor
Gail Crawford, Internal Auditor
Mike Worth, Audit Associate
Carolyn Jagger, City Clerk
Lisa Murphy, Accounting Director
Neal Shearer, Assistant City Manager
Lisa Blyler, Assistant to Mayor and Council

Chairman Lane called the meeting to order at 1:35 p.m.

Roll was taken with Committee Member Littlefield not in attendance. Committee Member Littlefield joined the meeting at 1:37 p.m.

Minutes of the November 7, 2005, Audit Committee Meeting were approved.

General Business:

Item 1 – Discussion on developing the 2006 Audit Plan. The first 29 audits on the list are application audits. A column was added to indicate who suggested an audit. The list is sorted by the type of audit (i.e., compliance, performance, or safeguard assets). The time commitments indicated are as follows: low - less than 500 hours, medium - between 500 and 1,000 hours, and high - greater than 1,000 hours.

The Committee asked Ms. Barcala to provide an indication of the hours available for audits after including required audits and any audits that will be carried over. Also, the Committee would like Ms. Barcala's professional judgment on which audits may be priorities. After receiving this information, the Committee will review the list.

Item 2 – Discussion on the audit process and report preparation. The Audit Committee had initiated some of the changes that have been incorporated.

Ms. Murphy asked that Financial Services be included on the distribution list for all Job Initiation Letters. Ms. Barcala indicated that this could be done.

Because of the question regarding City Auditor Responses at the last Audit Committee Meeting, Ms. Barcala provided the Committee with a copy of the GAO standards providing for such comments. The Committee determined that once the draft report is returned after the 30-day comment, the report belongs to the City Auditor's Office and comments may be added if necessary without further management review.

Management is to make every effort to meet for the Exit Conference before the completion of a draft report. Ms. Murphy requested that written findings be provided before the Exit Conference. Ms. Barcala indicated that every effort would be made to provide them.

The Audit Process was approved by the Committee with the exception to strike "Report modifications as directed by Audit Committee."

Item 3 – Discussion on proposed changes to Division 6 of Chapter 2 of the City Code. Motions were made to forward changes to Sections 2-125, 2-126, and 2-129 to Council. Motions seconded and carried.

Item 4 – Discussion on the upcoming Peer Review. The current three-year Peer Review cycle ends in December. A Peer Review will be scheduled after the first of the year.

Item 5 – Discussion on departmental surveys and responses. Ms. Barcala stated that the staff person responsible for the surveys left the City. Mr. Worth is learning the process and will take over those responsibilities soon.

Public Comments – None.

Committee Comments – None.

With no further business to discuss, the public meeting of the Audit Committee was adjourned at 3:47 p.m.

Respectfully submitted,

Gail Crawford